The Nature Conservancy

SAVING THE LAST GREAT PLACES ON EARTH

Comments of The Nature Conservancy on the Climate Action Team Draft Report to the Governor and Legislature

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SAVING THE LAST GREAT PLACES ON EARTH

The Nature Conservancy appreciates the opportunity to comment on the Climate Action Team's draft report to the Governor and Legislature dated December 8, 2005. The Nature Conservancy once again commends the team for its leadership on this important issue and for the substantial work accomplished in creating a credible framework for a comprehensive strategy to reduce greenhouse gas emissions and address the threats from global climate change.

The Nature Conservancy is dedicated to preserving the plants, animals and natural communities that represent the diversity of life on Earth by protecting the lands and waters they need to survive. The Conservancy has more than 1.1 million individual members. We currently have programs in all 50 states and in 30 other nations. In California, working with partners, we have protected more than 1.2 million acres.

The Nature Conservancy has made a significant investment of resources in protecting land and conserving biodiversity around the globe. Unfortunately, most of this investment is at risk from climate change. Significant reduction in emissions of greenhouse gases is essential to protect this investment and minimize negative impacts to our environment and economy. Given the severity of the problem, all tools, including programs based on regulations, technology research and development and other incentives will be needed to achieve the ambitious goals set by the governor.

As the 12th largest emitter of CO_2 globally and a recognized leader in environmental policy, action here in California will make a difference, both in helping to stabilize the climate through meaningful emissions reductions and in motivating action at the national and international levels. The Climate Action Team's Draft Report presents a good summary of the dire impacts that inaction on

this issue will have on the economy, environment and people of California, underscoring the need to act now.

The administration should embrace the draft report and implement a comprehensive strategy to reduce emissions of greenhouse gas and store carbon.

The Nature Conservancy supports the Draft Report and urges the administration to adopt it. The report provides a broad list of strategies that will help achieve the Governor's emission reduction targets. The report is a critical first step in designing an effective climate change policy. The administration and legislature should implement the recommended strategies and develop a comprehensive and strategic plan to address climate change. Quick, bold action is needed to meet the Governor's targets, slow the increase of greenhouse gas emissions and spur action on the national and international levels.

The state should enact strong, cost-effective emissions reductions policies and programs that create clear and predictable long-term signals for energy producers and consumers.

The Nature Conservancy supports continued and aggressive implementation of the strategies in table 3-1 of the Climate Action Team's report as well as full and timely implementation of the strategies in table 5-2. For example, reductions in emissions of hydrofluorocarbons, additional energy efficiency programs, forest conservation and forest management can all yield reductions of five or more tons of CO_2 equivalents by 2020[1]; but this won't be enough. Quick action is critical.

[1] Climate Action Team Report to the Governor and the Legislature, California Environmental Protection Agency, December 8, 2005, Table 5-2, p. 41

As the Governor noted in the executive order, the science is unequivocal--we have no choice but to reduce greenhouse gas emissions. It is clear that the cost of doing nothing will be far greater than the cost of implementing the CAT strategies. In fact, inaction is the most expensive strategy. If we don't implement a robust climate policy in the next ten years, environmental and social problems in California will only get worse and the costs of addressing them will increase. For example, the state's Scenario Analysis identifies climate-sensitive industries including forestry, tourism, and agriculture, that are particularly vulnerable to global climate change, and that would suffer immensely if we don't act now. Tourism, the fifth-largest contributor to the gross state product, annually generates $75 billion for the state economy and supports 1 million jobs.

Action on global warming will have positive impacts for the environment and the economy.

Three recently released, independent economic analyses from UC Berkeley, Stanford University[2] and the Center for Clean Air Policy (CCAP) all confirm that action to address climate change will create significant benefits to the California economy, and that the sooner we take action, the greater the economic benefits will be. For example, the UC Berkeley study concluded that, if enacted, just eight of the CAT Strategies will, **"achieve almost half of the Governor's 2020 targets while increasing Gross State Product by about $60 billion and creating over 20,000 new jobs."[3] The CCAP study concluded that, "...the Governor's targets can be achieved at no net cost to consumers and likely at a net benefit in both 2010 and 2020.[4]**

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[2] "No Reason to Wait," Hewlett Foundation, December 2005
[3] "Managing Greenhouse Gas Emissions in California," Hanemann, Farrell, et al., California Climate Change Center at UC Berkeley, January, 2006; Executive Summary.
[4] "Cost Effective GHG Mitigation Measures for California," Center for Clean Air Policy, January 19, 2006.

According to the Climate Group, a business association supporting companies that are addressing climate change, in California, and across the U.S., major corporations are pledging to reduce climate change emissions and making a profit in the process. For example, BP has reduced emissions by 10 percent and saved $650 million; DuPont has reduced emissions by 69 percent and saved $2 billion; and IBM has reduced emissions by 65 percent and saved $791 million[5]

In addition to implementing the strategies in the CAT report, the next critical step will be to design and adopt a mandatory cap and trade program that will create clear and predictable long-term signals for energy producers and consumers to reduce emissions.

The Nature Conservancy recommends that the state adopt a mandatory, multi-sector cap and trade program.

A mandatory cap and trade program is a sound approach to reducing greenhouse gas emissions, minimizing the impacts of climate change on the economy and biodiversity, and if properly constructed, to achieving significant additional environmental and social benefits. A cap and trade program can encourage technological innovation and allow covered sources to reduce emissions cost-effectively.

In addition, with the recent proposal by the state Public Utilities Commission to adopt a cap and trade program for a portion of the energy sector, it is important that the state adopt a cap and trade program quickly to avoid confusion and conflict with the PUC and secure the additional reductions that only a comprehensive multi-sector cap and trade program can produce.

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[5] www.climategroup.org

The Nature Conservancy supports climate policies that emphasize the importance of abating emissions from forests and other biological sources, and provides incentives to avoid deforestation and conserve high biodiversity value areas.

The Nature Conservancy is pleased to see that the CAT recognizes the important contribution that the forest sector can play in absorbing CO_2 from the atmosphere and minimizing CO_2 emissions associated with forest loss. For example, as reported in table 5-2, forests provide an opportunity to capture and store more than 30 million tons of CO_2 equivalent by 2020. Another estimate by the CEC predicted that forest activities have the potential to achieve over 740 million tons of CO_2 emission reductions over the next twenty years, [6] which is equivalent to reducing the annual emissions of over 125 million cars.[7] Forest conservation, management, and reforestation projects will also provide significant environmental co-benefits – such as the protection and enhancement of water quality, wildlife habitat, key species and biodiversity – the very public benefits that we seek to protect from the negative effects of global warming.

The Nature Conservancy recommends that the Forest Sector be an integral part of the state's cap and trade program or whatever climate change program is ultimately adopted.

Also, a variety of policy incentives and funding mechanisms to engage the forest sector in climate change mitigation should be considered. Policy design should avoid potential unintended consequences - such as increased conversion of forestland to non-forest uses or non-native species and increased fire risk. Furthermore, the state should consider how its existing forest and land use

[6] California Energy Commission Public Interest Research Program, Winrock terrestrial carbon supply curves, 2004.
[7] Equivalence is based on U.S. EPA estimates of annual CO2 emissions from the average passenger car

programs, research and infrastructure could be used or modified to effect climate policy in the most efficient manner. For example, the state should direct funding for land acquisition so that it maximizes both biodiversity and carbon benefits.

The importance of including the forest sector in the state's climate change policy was stated clearly by the California Climate Change Advisory Committee in its report to the California Energy Commission's, Integrated Energy Policy Report. The committee recommended (in part):

1) Include the crediting of forest-based greenhouse gas reductions in any multi-sector greenhouse gas cap and trade system that is established
2) Establish targets to protect and increase the state's overall forest carbon stocks and implement voluntary landowner incentives to achieve such targets

The state should integrate these recommendations of its advisory committee in its climate policy.

The CAT report appropriately characterizes the important role that emissions offsets can play while also establishing criteria necessary to ensure that offsets are credible. However, it stops short of recommending offsets.

The Nature Conservancy recommends that ecosystem-based, carbon offset projects be part of a cap and trade or any comprehensive climate change program adopted by the state.

Ecosystem-based carbon emission reductions and sequestration that simultaneously provide other ecosystem services should be part of the state's cap and trade program. Allowing covered sources to meet a portion of their emission reduction targets using carbon credits from well-designed land management and conservation projects such as forest conservation and management, and

improvement in agricultural practices can ultimately help achieve a lower cap by increasing flexibility and lowering the compliance costs. In addition, as mentioned above, such projects have the potential to generate substantial environmental and social co-benefits.

As both the CAT report and the UC Berkeley study note, these projects can help to create the most economically efficient emissions reductions program, while reducing CO_2 levels and providing valuable environmental services like flood control, water quality and supply enhancement, and biodiversity protection.

California is well-positioned with its existing institutional infrastructure to succeed.

The opportunity for progress in California on this issue is both timely and great. California has long been recognized as a leader in environmental protection on a variety of issues and policies adopted here have become models for subsequent action by other jurisdictions. California has a history of leadership in the climate change arena. Amongst its notable accomplishments, California can point to the pioneering work by the California Energy Commission in policy development, program implementation, and scientific research. In addition, the legislature passed, and the governor signed, the first bill in the country to regulate CO_2 emissions from automobiles. And, in the past few years, our leaders established the California Climate Change Advisory Committee and the California Climate Action Registry. Most recently, the state PUC proposed a cap on a portion of the energy sector. The time for action is now and the state should capitalize on all of the work it has done on the issue in the past and adopt comprehensive and robust public policy to reduce emissions, capture carbon and implement adaptation strategies for global climate change.

While the report recognizes the contributions of the Registry, it does not fully identify the opportunity of the Registry's Forest Protocols to promote a carbon market in the state. The detailed provisions of the Registry's Forest Protocols address the issues that the CAT report raises about offsets – permanence, additionality, leakage, and verifiability. By including the forest sector in a cap and trade program and adopting forest projects as acceptable offsets, the state can demonstrate to the rest of the nation the significant role the Registry and forestry can play in addressing climate change.

The Nature Conservancy shares the concerns about environmental justice expressed in the Climate Action Team's report.

We support efforts to ensure that no community bears a disproportionate share of the impacts from the state's climate actions.

The Nature Conservancy recommends that the proposed water management strategies be implemented

As the CAT report and numerous scientific studies predict, California will very likely have to deal with changed hydrologic conditions due to climate change. To adequately protect our water and the many needs it fills, the state should be actively preparing to address this issue in a manner that balances conservation needs along with water supply reliability. Significant effort should be put toward evaluating reservoir re-operation strategies, impacts to groundwater, and the need to build operational flexibility into the system.

The Nature Conservancy supports actions to address wildfire issues in the state's climate change policy.

The Nature Conservancy also commends the Team for including in its report a strategy focused on improving our ability to live in fire prone landscapes. Strategies to achieve this goal should include actions to prevent wildfire, like fuel reduction and public education as well as fire safe building standards and urban design guidelines. The details of these strategies and the potential opportunity for leveraging these "fire safe" strategies with emissions reductions should be more fully developed. In particular, more specificity is needed, especially in the third recommendation.

Enhancing the state's wildfire prevention activities can contribute positively to avoiding greenhouse gas emissions. Many activities are possible. Actions taken to reduce wildfire severity through fuel reduction and prescribed burning will avoid uncontrolled emissions of greenhouse gases while maintaining carbon stored in vegetation.

Other potential activities include enhanced fire safety standards for buildings and building materials in areas of high fire risk to reduce the ignition and spread of wildfires; land use policies that slow the rate of development in wildland areas; and public education on fire prevention, including support for the fire safe councils around the state.

Finally, more details will be needed to establish adaptation measures. The Nature Conservancy recommends that the state create a process involving relevant agencies, outside experts, and the public to develop a systematic, comprehensive, and strategic plan to implement and monitor adaptation measures.

Thank you for the opportunity to submit comments on this important report. The Nature Conservancy looks forward to continuing to work with the Climate Action

Team, the Governor and the Legislature to develop meaningful climate change policy for California. As the Governor stated, the time for action is now.